



51ST SGATAR MEETING

ANNUAL MEETING SUMMARY

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THURSDAY, 20 OCTOBER 2022

1. The 51st Meeting of the Study Group on Asia-Pacific Tax Administration and Research (SGATAR) was hosted by the Inland Revenue Board of Malaysia at the Shangri-La Hotel, Kuala Lumpur from 17 to 21 October 2022.
2. The 51st Meeting was attended by 199 delegates from 18 SGATAR member jurisdictions and 18 observers from international organisations.
3. A presentation by 5 special guests from international organisations was held in the morning of 19 October 2022 at the Shangri-La Hotel Ballroom, Kuala Lumpur.
4. This year was the first in-person SGATAR meeting since the last physical meeting in Indonesia back in 2019. Malaysia as the host was honoured to take the delegates to savour the sights and sounds of Kuala Lumpur.
5. The Heads of Delegation (HODs) took the opportunity to strengthen international ties among SGATAR members by having bilateral meetings.
6. SGATAR Taskforce 2022 which was chaired by Japan, with Malaysia and Thailand as members reported their programme of work as follows:

a. Japan

- i. The SGATAR Taskforce analysed the SGATAR members' level of Digital Transformation by utilising Digital Transformation Maturity Model (DTMM) with cooperation of the Organisation for Economic Co-operation and Development (OECD) / the Forum of Tax Administration (FTA).
- ii. Based on results of the analyses, the digitalisation maturity level of tax administrations in SGATAR membership varies. It is therefore recommended that SGATAR members should continue to share best practices with each other.
- iii. Japan also highlighted that "the 5-Year Capacity Building Plan" developed by Malaysia includes the topic of "the Digitalisation of Global Economy" signifying the importance of this issue.

b. Malaysia

- i. Malaysia has developed a five-year Capacity Building Plan for SGATAR from year 2023 - 2027.
- ii. The Capacity Building Plan was developed in consultation with all members and received the support of the Asian Development Bank (ADB) and the OECD.
- iii. Malaysia will work with SGATAR members to execute the capacity building programme as its programme of work for 2023 based on the five-year Capacity Building Plan; and
- iv. Malaysia appreciates any cooperation and collaborations with other international organisations in capacity building initiatives.

c. Thailand

- i. Thailand took the initiative to update the information on the SGATAR Website (www.sgatar.org).
- ii. Some of the areas that have been updated recently are:
 - the Members' Area which states the List of Commissioner/Director-General of Tax Administration including the URL address (Website) of all jurisdictions;
 - An additional icon has been added on the website for LAO PDR who is a new member;
 - The contact list (general contact) under the Network tab; and
 - SGATAR Taskforce information such as the current members of SGATAR Taskforce and members from prior years (2015-2021).
- iii. Thailand informed that they will continue the work on updating the website for next year and requested SGATAR Members to provide accurate information to SGATAR Taskforce members.

7. The HODs also endorsed the recommendations of the three SGATAR Working Groups:

a. Benefit test issues for intra-group services

Working Group 1 recommended the followings:

- i. Accurate delineation / characterisation of the arrangement:

- Tax administrations should undertake a careful consideration of the underlying facts and circumstances to determine whether the arrangement is in fact a service, to which the benefit test and other processes apply; and
 - It is critical that the arrangement is accurately delineated for a proper application of the arm's length principle.
- ii. Consider thresholds for simplified approach for low value adding services:
- A number of member tax administrations noted the introduction of a simplified approach for low value adding services;
 - Currently, for a number of jurisdictions this is subject to materiality thresholds; and
 - To increase benefits of simplification measures for low risk transactions, increasing or removing the materiality thresholds could be considered.
- iii. Capability development:
- Given the challenges in establishing whether the benefit test is met, capability development in obtaining evidence and building a robust analysis regarding the benefit test may be beneficial, particularly in complex scenarios.
- iv. Proactive engagement with the taxpayer:
- Opportunities to provide recommendations to taxpayers specific to their facts and circumstances to improve documentation and processes should be considered where appropriate; and
 - This engagement also has the potential to increase trust between the taxpayer and the tax administration and reduce conflict.

b. The use of exchange of information to address tax evasion

Working Group 2 recommended the followings:

- i. SGATAR members should give best efforts to respond to exchange of information requests in a timely manner.
- ii. SGATAR members should continue to share success stories where exchange information or common reporting standard information has help achieve the outcome.

- iii. SGATAR members should give consideration to allowing the use of information obtained through exchange of information and automatic exchange of information in court cases relating to tax.
- iv. SGATAR members should continue to collaborate and share ideas and best practices on exchange of information and automatic exchange of information matters.

c. Supporting SME compliance through digitalisation

Working Group 3 recommended the followings:

- i. Integrate tax activities into the natural systems of businesses:
 - Collaborate with stakeholders, including stakeholders in the future tax lifecycle to develop holistic digital solutions that address business and taxation needs.
 - ii. Continue outreach and education efforts:
 - Increase awareness on benefits of digitalisation initiatives to increase adoption
 - iii. Leverage data to develop more proactive solutions:
 - Utilise reliable third party data to move compliance upstream
8. The HODs endorsed the working group recommendations since those recommendations are achievable.
 9. Malaysia was elected as the Host of the 51st SGATAR Meeting, Thailand will host the 52nd SGATAR Meeting and Korea will host 53rd SGATAR Meeting.
 10. The HODs endorsed that a discussion to consider interest of other jurisdictions to host the SGATAR Annual Meeting be included in the agenda of the next SGATAR meeting.
 11. SGATAR Taskforce 2023 will be chaired by Malaysia, with Thailand and Korea as members. The Taskforce will further collaborate among SGATAR members to implement the Work Programme for 2023 in accordance with the SGATAR Operating Framework.